GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:4043
ANSWERED ON:09.08.2002
LOAN UNDER DRI SCHEME
SUKDEO PASWAN

Will the Minister of FINANCE be pleased to state:

(a) whether the Differential Rate of Interest (DRI) scheme was introduced in June, 1972 to cater to the credit requirements of the weakest among the weak by assisting them in their efforts to improve their economic conditions through small productive endeavours but non of the public sector banks could lend under the DRI scheme upto the stipulated percentage during the last three years except the State Bank of Hyderabad;

(b) if so, whether the matter has been looked into and the Government has taken by action in this regard; and

(c) if so, the details thereof ?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI ANANT GANGARAM GEETE)

(a) : All Scheduled Commercial Banks have to lend 1% of their aggregate advances at the end of the previous year at concessioal rate of 4% p.a. under Differential Rate of Interest scheme. Banks have to ensure that at least 40% of their advances under DRI scheme flow to SC/STs. The maximum assistances per beneficiary has been fixed at Rs. 6,500/- for productive purposes. Member of SC/STs can also avail housing loan upto Rs. 5,000/- per beneficiary over and above the loan of Rs. 6,500/-. Banks including State Bank of Hyderabad are not able to fulfil the target during the last three years as the DRI scheme is an interest subsidy scheme which were introduced in 1972, whereas subsequent several Government sponsored capital subsidy schemes such as Swarnjayanti Gram Swarozgar Yojana, Prime Minister`s Rozgar Yojana, Swarna Jayanti Shahari Rozgar Yojana, Scheme of liberation & Rehabilitation of Scavengers have been intro-duced which offer higher quantum of loan amounts and larger capital subsidies and are more attractive for borrowers. Borrowers have shown a preference for these schemes.

(b) & (c) : The performance of DRI scheme is being reviewed and discussed at various fora such as District Level Consultative Committee (DCC) and State Level Banker`s Committee (SLBC). With a view to improve the lending under DRI scheme, the Reserv Bank of India has urged all Public Sector Banks to re-emphasise an urgent need for concerted efforts to improve the performance in implementation of the scheme. The banks are required to take immediate steps to improve the banks performance of disbursal of loan under DRI scheme.